

IDAHO STATE PUBLIC WORKS CONTRACTORS LICENSING BOARD MEETING

Monday – February 6, 2006 – 9:00 A.M.

**Division of Building Safety
Main Conference Room
1019 E Watertower Street
Meridian, ID 83642**

MINUTES OF THE FEBRUARY 6, 2006 MEETING

NOTE: The following report is not intended to be a verbatim transcript of the discussions at the meeting, but is intended to record the significant features of those discussions.

The Idaho State Public Works contractors Licensing Board meeting was called to order by Chairman David Bennion at 9:00 a.m. on Monday, February 6, 2006, at the Division of Building Safety, Main Conference Room, 1090 E. Watertower Street, Meridian, ID 83642.

Board members present:

Mr. David Bennion, Chairman
Mr. Bob Beer
Mr. Terry McEntee
Mr. Dick Anderson

Board members absent:

Mr. Mike Wood

DBS Staff Members:

John McAllister, Administrator
Steve Keys, Buildings Bureau Chief
Marsi Woody, Deputy Administrator
Kay Christensen, Deputy Attorney General
Jean Frenette, Program Manager
Lorraine Mallett, Administrative Assistant/Recording secretary

Guests:

Doug Chase, Idaho Transportation Dept.
Jerry Peterson, Idaho Building Trades
Ron Harris, Harris & Co. PA
Mike English, Higgins & Rutledge
Rod Higgins, Higgins & Rutledge

MINUTES

MOTION: Mr. Dick Anderson moved to approve the minutes of January 9, 2006, motion was seconded by Terry McEntee. Discussion was that subject matter on page three under motion the following would be added “(Motion was done after meeting moved out of executive session)”
Motion passed unanimously.

PRESENTATIONS REGARDING CONTRACTOR FINANCIAL CRITERIA

Chairman Bennion discussed that there were three criteria to licensing 1) Financial, 2) Experience and 3) Testing (which the board is thinking about).

FINANCIAL STATEMENTS

Chairman Bennion acknowledged Ron Harris of Construction Accounting who has been a public CPA since 1988. He addressed the financial aspects of Public Works Contractors licensing requirements. Mr. Harris answered questions from the board and public members on the differences of business and personal financial statements. The Board has consistently allowed personal assets as equity on the personal financial statement. During the extensive questions and answers Ron Harris differentiated between independent accountants and auditors. None of our licenses require an audit of financial standing. The independent accountants make inquiries and substantial analysis, but they are not required to verify third party account reconciliations. In the discussion it was brought up that correspondence should be circulated to accountants that the indemnification rule is changing.

BONDING

Chairman Bennion moved to the next subject – bonding. The board's question on bonding is: if DBS does not have indemnification, is there a possibility to bond a contractor to capacity if the contractor does not have the financial ability/statement that meets the minimum qualifications of a Public Works Contractor License that they are applying for? In the following discussion and questions, the Board suggested that bonding letters do not mean a whole lot. It was then stated that the contractor's banker has a better idea on that licensee's financial standing. Most bonding companies will not write a bonding letter unless the contractor is financially stable. The board's intention is that the licenses have more creditability; and has had the same discussion on indemnification, financial statements and bonding letters. It was brought to light that the subsidiaries of large company's utilize the financial statement of the parent company. This does not show the subsidiary company's real financial standing.

ADMINISTRATOR'S REPORT

Chairman Bennion acknowledged John McAllister for the Administrator's report. Mr. McAllister informed the board that he has been at the Legislature a lot the past month and has had a lot of positive feedback from the Legislature. Rules have gone well, there was a discussion on identifying how many people would be affected by IDAPA docket number 07-0501-0501. Comments were made on the fee proposal, however it did pass in committee, but Mr. McAllister wasn't sure if it would pass on the floor. 2007 appropriations have gone well also. Mr. McAllister did comment that he had talked to the Governor's office on the Public Works Board's desire for a Bureau Chief and at this time the governor's office wishes to work with the current operational structure.

BUREAU CHIEF'S REPORT

Chairman Bennion acknowledged Steve Keys for the Bureau Chief's Report. Mr. Keys commented that his time has been spent mostly at the Legislature also, and that when it came time to testify for support, he would get a schedule out to the board members.

PROGRAM MANAGERS REPORT

Chairman Bennion acknowledged Mr. Jean Frenette for the Program Manager's Report. Mr. Frenette directed the board members to the pie chart handed out on the indemnification projections representing year to date since start of the fiscal year. He is working on getting projections for July 2006 and to do a mailing prior to renewal licensing telling of the indemnification changes. There was discussion on the impacts and the board asked that the triple A and double A numbers be complied.

ACTION: Get triple A and double A license numbers for board.

ACTION: Mass mailing to contractors on indemnification changes.

Mr. Jean Frenette handed out copies of Administrative Assessment correspondence that had been sent out responding to code violations, and walked the board through each one giving a brief overview and answered any questions the board members had. A new Public Works Board Members Information spreadsheet and a Division of Building Safety contact information spreadsheet was distributed for board members use.

DEPUTY ATTORNEY GENERAL REPORT

Deputy Attorney General Kay Christensen reported that the Division of Financial Management had directed the proposed changes to the rules regarding electrical contractor and electrical specialty contractors be promulgated as proposed, rather than temporary, rules. Because of the current legislative moratorium on rule making, the promulgation process will begin when session adjourns.

ACTION AGENDA

Chairman Bennion asked that the next agenda would have the following listed under Licensing Criteria: 1) Financial requirements, 2) Experience & Education-company and people, 3) Testing. Mr. Terry McEntee commented that having an exam that could have 3 hours of financial laws and 2 hours contractor information tested may help in license credibility. Discussion followed on how incorporating testing into licensing requirements may benefit PWCL. Consensus was that if the work history was defined, financial statements are in good standing, and a developed test is passed, the Public Works License could be issued. The board asked the bureau to search for information on whether other states have tests and what the licensing criteria is.

ACTION: Board requested that Bureau look into tests that may be out there for Public Work Licenses and present them at next board meeting on product/procedures. International Code Council(ICC) will be contacted and invited to come to either March 6th tentative board meeting and if unable to attend try for April 3, 2006 board meeting to give presentation.

Board agreed to setting next meeting of the board for March 6, 2006 at 9:00 am if ICC can make it. If not able to attend next meeting will be April 3, 2006.

MOTION: Bob Beer moved to adjourn, Terry McEntee seconded, all in favor, motion passed. Meeting adjourned at 12:00 p.m.

STEVE KEYS,
BUILDINGS BUREAU CHIEF

DATE

JOHN A. MCALLISTER,
ADMINISTRATOR DIVISION OF BUILDING SAFETY

DATE

DAVID BENNION,
CHAIRMAN, PUBLIC WORKS CONTRACTORS LICENSE BOARD

DATE